Customer profile for opening bank accounts

2161. DR. ALLADI P. RAJKUMAR: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the financial background of a Bank customer and customer profile is to be made mandatory before allowing a Bank account to be opened;

(b) if so, the purpose of insisting on financial background; and

(c) what other changes are proposed to be made in the private and public sector Banking of the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRIANANT GANGARAM GEETE): (a) to (c) Reverse Bank of India (RBI) has reported that Banks have been advised from time to time to adhere to the prescribed norms and safeguards while opening accounts and to put in place systems and procedures to help control financial frauds. RBI has instructed Banks to be vigilant while opening accounts for new customers. In the light of recent developments, these instructions are being reiterated with a view to safeguarding the Banking sector from being unwittingly used for the transfer or deposit of funds derived from criminal activities, (both in respect of deposit and borrowal accounts) or for financing terrorist activities.

Banks are, therefore, being advised by RBI to obtain information about a customer such as source of funds, income and assets and nature and extent of the customer's expected use of the products and services of the Bank at the time of opening an account to prepare a 'customer profile'. At the same time, Banks are required to ensure that there is no harassment of customers and the customer acceptance policy does not become restrictive in nature leading to denial of access to the general public for Banking services.

Internal Asset Reconstruction Fund for UTI

2162. SHRI RAMACHANDRA KHUNTIA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Unit Trust of India has decided to set up an internal Asset Reconstruction Fund (ARF);